



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - public distribution

Date: 12/6/2004

GAIN Report Number: AS4040

Australia

Grain and Feed

Grain Update -- December 2004

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Report Highlights:

Australia's wheat and barley crops in 2004/05 are forecast at 20.5 MMT and 6.5 MMT. These forecasts are below Post's previous projections, and well under last season's record harvests. Summer-grown rice and sorghum crops (2005/06) are expected to be up from last year, but still substantially constrained due to shortages of irrigation water.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Unscheduled Report
Canberra [AS1]
[AS]

WINTER GRAIN UPDATE**Production**

Australia's 2004/05 wheat production is forecast at 20.5 MMT, down 1.0 MMT from Post's previous forecast (see GAIN Report #AS4036, dated 10/26/04), and well under the record 2003/04 crop of 25 MMT. Barley production in 2004/05 is forecast at 6.5 MMT, down 500,000 MT from Post's previous forecast (AS4036), and also well under last year's record crop of 8.63 MMT. Lower expected wheat and barley production in 2004/05 is attributed to dry, hot weather that has reduced yield prospects.

Weather during the month of November was somewhat more favorable for maturing grain crops than in October. More near-normal November rainfall in eastern Australia, however, was unable to reverse the damage to grain yields resulting from the earlier adverse weather. November rainfall in most of Western Australia and South Australia was below normal and likely caused further deterioration in yield potential. Limited subsoil moisture and periodic dry, hot episodes have plagued the 2004/05 winter grain crop during key periods during the growing season.

Indications of significant quality downgrading due to weather is being reported from many of the key winter grain producing areas. Grain harvest is ongoing and will extend into the first of the new year.

The Australian Bureau of Agriculture and Resource Economics (ABARE) has recently released revised crop estimates/forecasts that also indicate a deterioration in prospects for the 2004/05 winter grain crop. ABARE, in their November 30, 2004 Crop Report, forecast 2004/05 wheat production at 20.15 MMT and barley production at 6.2 MMT, versus 22.25 MMT and 7.29 MMT, respectively, in their previous Report (dated September 7, 2004). (See Table 1 for a summary of ABARE's current forecasts.)

Other institutions that forecast grain production in Australia have also been lowering their forecasts of the 2004/05 winter crops. AWB Ltd., the monopoly wheat exporter, is currently forecasting 2004/05 wheat production at 20-22 MMT. Australia's major bulk handlers -- Cooperative Bulk Handling (Western Australia), ABB Grain (South Australia) and GrainCorp (eastern Australia) -- have also lowered their expectations for the 2004/05 winter grain crops.

Exports

Lower grain exports are forecast for wheat and barley in 2004/05, due to the reduced production expectations. Post forecasts wheat exports in 2004/05 (Oct-Sep) at 15.75 MMT, down three percent from the previous forecast and 12 percent lower than the revised export estimate for 2003/04. Barley exports in 2004/05 (Nov-Oct) are forecast at 3.3 MMT, down eight percent from the previous forecast and 45 percent lower than exports in 2003/04.

Australia's 2003/04 (Oct-Sep) wheat exports are estimated at 17.83 MMT, based on actual export figures for the 12-month period (see Table 2). Exports to major markets in 2003/04 were sharply higher than the drought-reduced 2002/03 export season. For example, in 2003/04, exports to Indonesia and Iraq doubled, while exports to Egypt increased ten-fold, versus a year earlier. China emerged as Australia's fourth largest export destination for Australian wheat in 2003/04, with 1.4 MMT of wheat exported during the period. (See Table 2 for summary of Australia's wheat exports for MY 2001/02 – 2003/04.)

TABLE 1.

AUSTRALIA: ABARE Crop Estimates/Forecasts, 2003/04 – 2004/05, in TMT

CROP	2003/04	2004/05 (Sept)	2004/05 (Nov)
Winter Crops Total	39.39	34.94	30.98
Wheat	24.92	22.25	20.15
Barley	8.63	7.29	6.22
Oats	1.52	1.23	1.08
Lupins	0.95	0.89	0.77
Canola	1.62	1.55	1.22
Chickpeas	0.18	0.14	0.13
Lentils	0.18	0.18	0.13
Field peas	0.41	0.47	0.36
Summer Crops Total	3.47	3.91	3.91
Rice (rough)	0.54	0.55	0.56
Sorghum	1.85	2.05	2.02
Cotton (lint)	0.34	0.49	0.53
Cottonseed	0.48	0.69	0.76

NOTES: Winter crop total includes wheat, barley, oats, canola, lupins, field peas, chickpea, faba beans, lentils, triticale, linseed, safflower and vetch. Summer crop total includes sorghum, rice, cottonseed, maize, sunflower, soybeans, peanuts, mung beans and navy beans.

ABARE's 2004/05 crop years for rice and sorghum correspond to USDA crop years 2005/06.

SOURCE: ABARE, September 7, 2004 and November 30, 2004, Crop Reports.

TABLE 2.

AUSTRALIA: Wheat Exports, 2001/02 - 2003/04 (Oct/Sept), in TMT

COUNTRY	2001/02	2002/03	2003/04
Indonesia	2,145	1,485	3,074
Egypt	1,692	298	2,765
Iraq	2,019	747	1,598
China	71	8	1,411
Korea, Rep.	1,101	917	1,251
Japan	1,232	1,201	1,209
Malaysia	562	436	784
Sudan	455	359	715
Vietnam	313	251	528
Italy	474	124	390
Thailand	221	404	467
Turkey	46	50	308
New Zealand	318	291	308
South Africa	95	26	301
Others	5,536	2,529	2,718
TOTAL	16,280	9,126	17,827
Of which in bulk	15,790	8,796	17,053
Of which in bag	15	9	12
Of which in container	216	121	327
Of which flour	259	200	434

NOTE: Flour exports are expressed in wheat equivalents.

SOURCE: Wheat Export Authority from Australian Bureau of Statistics (ABS) and AWB International for bulk, bag and container; ABS for wheat flour.

SUMMER CROP UPDATE

The outlook for Australia's 2004/05 summer crop season is improved from last year. Notably, relatively favorable recent rainfall in northern New South Wales and southern Queensland has boosted production prospects for cotton and sorghum. Severe deficiencies of irrigation water are expected to sharply curtail output of rice, which is grown in more southern areas of New South Wales.

Rice production in 2005/06 is forecast at 594,000 MT (rough basis), up eight percent from last year's harvest. Australia's rice production continues to be severely constrained by a lack of irrigation water.

Sorghum production in 2005/06 is forecast at 2.23 MMT, unchanged from Post's previous forecast, and 21 percent higher than in 2004/05. Sorghum for the 2005/06 crop can be planted up until the early part of 2005.

NEXT ABARE CROP REPORT

The next ABARE Crop Report is due to be released on February 15, 2005 and will include updated estimates/forecasts for grain and other major winter- and summer-grown commodities.

POST GRAIN REPORTS

Recent Post reports on grain include:

Grain and Feed November Lockup, AS4036, 10/26/04
Grain Update – October, AS4030, 09/21/04
Grain Update – July, AS4019, 07/01/04
Grain Update – May, AS4014, 04/29/04
Grain and Feed Annual, AS4011, 03/19/04

PSD Table Barley							
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		11/2002		11/2003		11/2004	MM/YYYY
Area Harvested	3772	3772	3800	3800	3800	3572	(1000 HA)
Beginning Stocks	1763	1557	926	873	951	548	(1000 MT)
Production	3865	3865	8625	8625	7200	6500	(1000 MT)
TOTAL Mkt. Yr. Imports	0	35	0	0	0	0	(1000 MT)
Oct-Sep Imports	0	34	0	0	0	0	(1000 MT)
Oct-Sep Import U.S.	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	5628	5457	9551	9498	8151	7048	(1000 MT)
TOTAL Mkt. Yr. Exports	1902	1984	5500	6000	3500	3300	(1000 MT)
Oct-Sep Exports	2285	2159	5500	6000	3500	3300	(1000 MT)
Feed Dom. Consumption	1800	1600	2100	2000	2550	2200	(1000 MT)
TOTAL Dom. Consumption	2800	2600	3100	2950	3550	3150	(1000 MT)
Ending Stocks	926	873	951	548	1101	598	(1000 MT)
TOTAL DISTRIBUTION	5628	5457	9551	9498	8151	7048	(1000 MT)

PSD Table Wheat							
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		10/2002		10/2003		10/2004	MM/YYYY
Area Harvested	11045	11045	12401	12400	12200	12050	(1000 HA)
Beginning Stocks	8048	6803	3142	1708	5459	3301	(1000 MT)
Production	10132	10132	24920	24920	22500	20500	(1000 MT)
TOTAL Mkt. Yr. Imports	286	299	75	0	75	0	(1000 MT)
Jul-Jun Imports	284	299	71	0	75	0	(1000 MT)
Jul-Jun Import U.S.	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	18466	17234	28137	26628	28034	23801	(1000 MT)
TOTAL Mkt. Yr. Exports	9146	9126	18031	17827	17000	15750	(1000 MT)
Jul-Jun Exports	10946	10814	15096	15025	17000	16500	(1000 MT)
Feed Dom. Consumption	3453	3600	1947	3000	2900	3100	(1000 MT)
TOTAL Dom. Consumption	6178	6400	4647	5500	5600	5500	(1000 MT)
Ending Stocks	3142	1708	5459	3301	5434	2551	(1000 MT)
TOTAL DISTRIBUTION	18466	17234	28137	26628	28034	23801	(1000 MT)

PSD Table Rice, Milled							
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		03/2003		03/2004		03/2005	MM/YYYY
Area Harvested	38	38	65	65	65	65	(1000 HA)
Beginning Stocks	766	720	604	479	372	262	(1000 MT)
Milled Production	280	279	383	383	400	425	(1000 MT)
Rough Production	392	390	536	536	559	594	(1000 MT)
MILLING RATE (.9999)	7150	7150	7150	7150	7150	7150	(1000 MT)
TOTAL Imports	88	70	65	70	70	70	(1000 MT)
Jan-Dec Imports	94	70	60	70	70	70	(1000 MT)
Jan-Dec Import U.S.	2	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	1134	1069	1052	932	842	757	(1000 MT)
TOTAL Exports	150	210	300	290	310	270	(1000 MT)
Jan-Dec Exports	141	150	275	260	300	260	(1000 MT)
TOTAL Dom. Consumption	380	380	380	380	380	380	(1000 MT)
Ending Stocks	604	479	372	262	152	107	(1000 MT)
TOTAL DISTRIBUTION	1134	1069	1052	932	842	757	(1000 MT)